

The Vestry of
All Souls Memorial Episcopal Church

STATEMENT OF GIFT POLICIES

PREAMBLE

This Statement of Gift Policies is hereby adopted by the Vestry (the "Vestry") of All Souls Memorial Episcopal Church, 2300 Cathedral Avenue, NW, Washington, DC 20008 (the "Parish") as of August 25, 2016. The Vestry has also established a separate endowment fund (the "Endowment Fund") and created an Endowment Board (the "Board") as the custodian of the Endowment Fund, with the authority, responsibility and specific duties as described in the Endowment Board Charter (the "Charter") adopted on the date hereof. All capitalized terms used herein and not defined shall have the meanings set forth in the Charter.

ARTICLE I
GIFT ACCEPTANCE POLICY

SECTION 1.01 Purpose and Interpretation. The gift acceptance policy set forth in this Article I provides guidelines to representatives of the Parish who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to the Parish. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis. The gift review *process* outlined here, however, is intended to be followed closely.

SECTION 1.02 Gift Review Committee. Any questions which may arise in the review and acceptance of gifts to the Parish shall be referred to a gift review committee (the "Gift Review Committee"), which (a) in the case of (i) gifts with a fair market value of less than \$10,000 or (ii) gifts of any value consisting of cash or publically traded securities and designated by the donor for the Parish's annual stewardship campaign or to support the annual operating expenditures of the Parish, shall consist of the Rector in consultation with the Senior Warden and (b) in the case of gifts with a fair market value equal to or greater than \$10,000 and not covered by clause (a)(ii), shall consist of the Vestry. Any gift to the Parish other than a cash gift or a gift of publicly-traded securities must be referred to the Gift Review Committee prior to acceptance. The Gift Review Committee reserves the right to decline any gift that does not further the mission or goals of the Parish. Also, any gifts that would create an administrative burden or cause the Parish to incur excessive expenses may be declined.

SECTION 1.03 Allocation of Gifts to the Endowment Fund. Subject to the procedures for Bequests set forth in Article II, the Gift Review Committee shall determine, after consultation with the donor (if necessary), whether a gift should be allocated to the Endowment Fund or the annual operating fund of the Parish.

SECTION 1.04 Cash.

(a) Unless expressly rejected by the Gift Review Committee, all gifts by check shall be accepted by the Parish regardless of amount.

(b) In no event shall a check be made payable to an individual who represents the Parish in any capacity.

SECTION 1.05 Publicly-Traded Securities.

(a) Unless expressly rejected by the Gift Review Committee, readily marketable securities, such as those traded on a stock exchange, can be accepted by the Parish.

(b) For gift crediting and accounting purposes, the value of the gift of securities shall be the average of the high and low prices on the date of the gift.

(c) A gift of securities to the Parish normally would be liquidated immediately. However, if the form or designation of the gift allows the possibility that it will be directed to the Endowment Fund, a decision regarding the liquidation of the securities shall be deferred until that determination is made. If the gift is to be directed to the Endowment Fund, the certificates for the securities, if any, shall be given to the Endowment Fund's Investment Manager (or, in the absence of an Investment Manager, to the Member appointed pursuant to Section 4.01 of the Charter) who shall then act on the Board's decision whether to sell or hold the securities, which decision shall be made on portfolio considerations.

SECTION 1.06 Closely Held Securities.

(a) Prior to acceptance of any gift of non-publicly-traded securities, the Gift Review Committee shall explore methods and timing of liquidation of the securities through redemption or sale. The fair market value of the securities will be the value used by the donor in the preparation of the donor's tax return. The Gift Review Committee shall use reasonable efforts to determine:

- (i) any restrictions on transfer; and
- (ii) whether and when an initial public offering might be anticipated.

(b) No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.

SECTION 1.07 Real Estate.

(a) With respect to any gift of real estate, the donor normally is responsible for obtaining and paying for an appraisal of the property. Any appraisal shall be performed by an independent, professional.

(b) The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser. Also, whenever possible, it must show documented valuation of comparable properties located in the same area.

(c) The formal appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, and complete information regarding all mortgages, liens, litigation or title disputes.

(d) The Parish reserves the right to require an environmental assessment of any potential real estate gift.

(e) The property must be transferred to the Parish prior to any formal offer or contract for purchase being made.

(f) The donor may be asked to pay for all or a portion of the following:

(i) maintenance costs;

(ii) real estate taxes;

(iii) insurance;

(iv) real estate broker's commission and other costs of sale; and

(v) appraisal costs.

(g) For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate; however, this value may be reduced by costs of maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

SECTION 1.08 Life Insurance.

(a) The Parish can be named a contingent beneficiary or the beneficiary of a percentage of a life insurance policy. However, the Gift Review Committee shall only accept ownership of a life insurance policy as a gift if the Parish is named as the owner and beneficiary of 100% of the policy.

(b) If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the policy's replacement cost.

(c) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the policy's cash surrender value. (Note: for IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)

SECTION 1.09 Tangible Personal Property.

(a) A gift of tangible personal property, including jewelry, artwork, collections, equipment, and software shall be assessed for its value to the Parish which may be realized either by being sold or by being used in connection with the Parish's exempt purpose.

(b) Depending upon the anticipated value of the gift, a professional outside appraiser may be asked to determine its value.

(c) The Parish shall adhere to all IRS and other legal requirements relating to disposing of gifts of tangible personal property and shall provide appropriate forms to the donor and the IRS.

SECTION 1.10 Deferred Gifts.

(a) The Parish encourages deferred gifts in its favor through any of a variety of vehicles, including:

- (i) charitable gift annuity (or deferred gift annuity);
- (ii) the Pooled Income Fund of The Episcopal Church Foundation;
- (iii) charitable remainder trust;
- (iv) charitable lead trust;
- (v) Bequest; and
- (vi) retained life estate.

(b) Neither the Parish nor its agent shall act as an executor (personal representative) for a donor's estate. A member of the Parish staff serving as personal representative for a member of the Parish does so in a personal capacity, and not as an agent of the Parish.

(c) Neither the Parish nor its agent shall act as trustee of a charitable remainder trust.

(d) When appropriate, the Parish may invite prospective donors to consider the gift vehicles offered by The Episcopal Church Foundation (including charitable remainder trusts, charitable gift annuities, and the Pooled Income Fund) as well as its investment services.

(e) All planned gift illustrations or form documents shall be provided to potential donors free of charge. For any planned gift related documents, materials, illustrations, letters or other correspondence, the following disclaimer should be included:

“We strongly urge that you consult with your attorney, financial and/or tax advisor to review and approve this information provided you without charge or obligation. This information in no way constitutes advice.”

(f) All information obtained from or about donors/prospects shall be held in the strictest confidence by the Parish, its staff and volunteers. Neither the name, the amount, nor the conditions of the gift shall be published without the express written or oral approval of the donor and, if applicable, the beneficiary.

(g) The Parish shall seek qualified professional counsel in the exploration and execution of all planned gift agreements. The Parish recognizes the right of fair and just remuneration for professional services.

ARTICLE II BEQUESTS

SECTION 2.01 Scope. For purposes of this Charter, a “Bequest” shall mean any type of gift in which the assets given are transferred upon the death of the donor and may include cash, securities, personal property, real property or any other form of assets.

SECTION 2.02 Categories of Bequest. A Bequest may identify the beneficiary in one of two general ways:

(a) “The Vestry of All Souls’ Parish,” “All Souls Episcopal Church” “All Souls Memorial Episcopal Church of the Episcopal Diocese of Washington D.C.” or similar wording such as, “All Souls Memorial Episcopal Church, 2300 Cathedral Avenue, NW, Washington, DC 20008,” (such Bequest, a “Parish Bequest”) or

(b) “The Endowment Fund of All Souls Memorial Episcopal Church” or similar wording (such Bequest, an “Endowment Fund Bequest”).

SECTION 2.03 Parish Bequests. Parish Bequests can be of two general types:

(a) In the case of a “Designated Parish Bequest” the donor has identified a specific purpose to which the Bequest should be directed. With respect to a Designated Parish Bequest, the Vestry has the ultimate responsibility to ensure that the use to which such Bequest is applied is faithful to the donor’s wishes. The Bequest may be directed to its designated purpose either as an endowment (in which case the proceeds of the Bequest normally would be established as a Designated Fund of the Endowment Fund) or by direct expenditure of the Bequest through the Treasurer.

(b) In the case of an “Undesignated Parish Bequest” the donor has not identified a specific purpose to which the Bequest should be directed. With respect to an Undesignated Parish Bequest, the Vestry has greater freedom in determining the ultimate use of such Bequest, though the expectation is that the proceeds of such Bequest would be transferred at the earliest practicable time to the Endowment Fund unless the donor expressly states otherwise. Such transfers, once made, are intended to be held in perpetuity.

(c) From time to time, urgent needs of the Parish may necessitate application of an Undesignated Parish Bequest for purposes other than the deposit of such Undesignated Parish Bequest into the Endowment Fund pursuant to Section 2.03(b). In such instances the following procedures shall apply:

(i) The Rector and Senior Warden (or the Senior Warden if there is no appointed Rector) of the Parish shall assess the particular circumstances giving rise to a perceived need to make an exception. Such circumstances should be judged by the Rector and Senior Warden to be truly extraordinary and that no other financial resources of the Parish are available or are expected to be available in time to fulfill such urgent needs. If the Rector and Senior Warden conclude that an exception is appropriate, they shall bring a recommendation to the Vestry at the earliest practicable time.

- (ii) Final authority for granting such an exception shall rest with the Vestry.

SECTION 2.04 Endowment Fund Bequests. Endowment Fund Bequests shall be automatically transferred to the Endowment Fund upon receipt. If an Endowment Fund Bequest was given for a designated purpose and such Endowment Fund Bequest meets the minimum amount specified in Article III, then the value of the assets shall be applied to establish a Designated Fund of the Endowment Fund and the earnings from such Designated Fund shall be made available for use for such designated purpose only. If an Endowment Fund Bequest is otherwise undesignated, the assets shall be directed to that portion of the corpus of the Endowment Fund whose earnings are unrestricted.

SECTION 2.05 Bequest Receipt Procedure. When a Bequest is received, the Treasurer shall ensure that any cash is immediately deposited and held in the bank pending a decision regarding the final disposition of the Bequest. The Treasurer shall prepare copies of relevant documents and distribute them to the relevant officers of the Parish, including the Rector and the Senior Warden, and the Chairperson of the Board. A decision regarding the liquidation of securities shall not be made until it is determined whether those assets are to be directed to the Endowment Fund, in which case the certificates, if any, shall be given to the Investment Manager (or, in the absence of an Investment Manager, to the Member appointed pursuant to Section 4.01 of the Charter) to be held or sold, which decision shall be made on portfolio considerations. Otherwise the liquidation of securities shall be handled according to the normal practices of the Treasurer. The method, timing, agent, etc. for the liquidation of other assets (such as real estate or personal property) shall be decided by the Vestry.

SECTION 2.06 Acknowledgement of Bequests. Appropriate acknowledgement of Bequests may be given by the Rector and by the Chairperson of the Board.

ARTICLE III DESIGNATED FUNDS

SECTION 3.01 Designated Funds. Subject to Section 3.04, a separate and designated fund of the Endowment Fund (a “Designated Fund”) may be established upon the request of the donor only for gifts in the amount of \$100,000 or more. These assets are merged with other assets of the Endowment Fund for investment purposes, but the identity and designated purpose of each Designated Fund shall be preserved individually.

SECTION 3.02 Designated Fund Investment Mechanics.

(a) Each Designated Fund shall be established effective the last day of the quarter in which the associated gift is received. The value shall be determined either by the actual value, if received in cash, or the market value of the assets determined on the date the Designated Fund is established.

(b) Income, realized gains or losses, and unrealized gains or losses shall be allocated quarterly to each Designated Fund based on its market value relative to the total market value of the Endowment Fund at the end of the previous quarter. New gifts shall then be added and

withdrawals subtracted to arrive at the new value of the Designated Fund on the last day of the quarter.

SECTION 3.03 Use of Designated Funds. The funds made available for expenditure under the rules and guidelines set forth in the Charter, are limited to the purposes specified in the designation of each Designated Fund. Proceeds from investment of the Designated Fund shall remain in the Designated Fund and continue to accrue earnings until expended.

SECTION 3.04 Separate Funds of Less than \$100,000. The Board may establish a separate fund with an amount less than \$100,000 with the assurance from the donors of their good faith intention to supplement such fund up to the \$100,000 minimum level within a reasonable time. Until such time as the minimum level is reached and a Designated Fund is established, no earnings from such separate fund will be available for expenditure. The portion of the earnings of the Endowment Fund attributable to such separate fund shall accrue and become part of the corpus of such separate fund.